



Department of Justice

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FORMER CLEVELAND SCRAP METAL EXECUTIVE AGREES TO PLEAD GUILTY FOR ROLE IN FOUR SEPARATE SCRAP METAL CONSPIRACIES

Agrees to Pay \$1 Million Fine; Faces Jail Term

WASHINGTON, D.C. -- A former Cleveland scrap metal company executive has agreed to plead guilty and pay a \$1 million fine for his role in four separate conspiracies to allocate suppliers and rig bids for the purchase of scrap metal in Northeast Ohio, the Department of Justice announced today.

In a four-count criminal case filed in U.S. District Court in Cleveland, Howard B. Bahm, the former president of a Cleveland scrap metal company, Harry Rock & Co. (Rock), was charged with participating in four separate schemes to allocate suppliers of, and/or rig bids for, ferrous and nonferrous scrap metal in the Northeast Ohio area during various time periods from 1993 to 2000. The schemes affected approximately \$104 million in purchases of scrap metal by Rock.

"These schemes effectively eliminated competition between the conspirators for suppliers of ferrous and nonferrous scrap metal in Northeast Ohio," said James M. Griffin, Deputy Assistant Attorney General for criminal enforcement, Antitrust Division.

Bahm has agreed to cooperate with the ongoing investigation into collusive, anticompetitive practices in the scrap metal industry. Under the U.S. Sentencing Guidelines, Bahm also faces a jail sentence of up to 37 months. At sentencing, the court will determine the appropriate sentence to be imposed and whether to accept the plea agreement and impose the agreed-upon \$1 million fine.

Industrial scrap metal dealers typically buy scrap metal from businesses such as tool and die makers, stamping plants, mills and foundries, all of which generate residual scrap metal as part of their manufacturing and fabricating processes. Residual scrap metal is also referred to as solid ferrous and nonferrous scrap metal. Scrap metal dealers collect the residual scrap metal, sort it, process it, and resell it to customers, such as steel mills, that use scrap metal as a raw material input.

According to the charges, Bahm and his co-conspirators carried out the conspiracies by discussing and agreeing:

- which of them would purchase scrap metal from which suppliers;
- not to compete against each other for the purchase of ferrous and nonferrous scrap metal from particular suppliers;
- who the designated bidder would be on prospective bids for contracts for ferrous and/or nonferrous scrap metal from particular suppliers;
- what prices to submit for contracts to purchase ferrous and/or nonferrous scrap metal from particular suppliers; and
- to refrain from bidding, to submit intentionally low, complementary, and non-competitive bids, or to submit bids with agreed-upon prices.

The charges resulted from an ongoing investigation of the scrap metal industry being conducted by the Division's Cleveland Field Office, with assistance from the Cleveland Office of the Federal Bureau of Investigation.

In March 2000, Bay Metal Inc., another Cleveland-area scrap metal dealer, pleaded guilty to a supplier allocation and bid-rigging scheme. Cleveland-area scrap metal dealer, Atlas Iron Processors Inc., and three of its officials, Anthony J. Giordano, Sr., Anthony J. Giordano, Jr., and

David Giordano, were convicted at trial in February, 1999, for allocating scrap metal suppliers and fixing the price of scrap metal in Miami, Florida.

Bahm is charged with four counts of violating the Sherman Act, which carries a maximum penalty for individuals of three years imprisonment and a \$350,000 per count fine. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum fine.

Anyone with information concerning bid rigging, territorial or customer allocation or related offenses in the scrap metal industry should contact the Cleveland Field Office of the Antitrust Division at (216) 522-4107 or the Federal Bureau of Investigation's Cleveland office at (216) 622-6767.

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